the Government would have incurred under the old agreement has been averted. The Company is allowed to extract at its own expense soft wood and fuel on payment of seigniorage. Taking the quantity of fuel required at 3,000 tons a year the seigniorage leviable on it and the specified quantities of soft wood for the concession period of twelve years would have amounted to only Rs. 37,125 under the old agreement, while the Company will now be liable to pay under the revised agreement Rs. 1,71,000 for the same. Government would in addition also derive the benefit of replacing the soft wood species to be removed by the Company by more valuable hard wood species over a large tract of valuable forests.

DEMANDS FOR GRANTS—(*Contd*).

DEMAND II. TAXES ON INCOME.

MR. S. C. H. ROBINSON (*Land Revenue and Income Tax Commissioner*) : Sir, I beg to move that a sum not exceeding Rs. 17 lakh under Taxes on Income be given as grant for 1099.

Motion 40.

MR. T. KUMARA PILLAI (*Eraniel* cum *Vilavankod*) : Sir, I beg to move the following motion.

40. To reduce the allotment of Rs. 2,180 for travelling allowance by Rs. 1,000.

ഇൻകംടാക്സ് ഇൻസ്പെക്ടറന്മാർക്ക് ആട്ടം ൭൦ മുതൽ ൯൦ രൂപാ വരെയാണ ശമ്പളം കൊടുത്തിരുന്നത്. കഴിഞ്ഞ തവണ അവരെ കൌൺസിലിൽ നിന്നും കുറച്ചു. അതിൽ പിന്നീട് കൊണ്ടു വന്നിട്ടുള്ളത് അവർക്ക് ൧൫൦ രൂപാ മുതൽ ൨൫൪ രൂപാവരെയാണ്. അതും കൌൺസിലിൽ നിന്നു തന്നെ അനുവദിച്ചിട്ടുണ്ട്. അവർക്ക് ഇപ്പോൾ അഡ്വൻസായി ൨൫൦ രൂപായാണ കാണുന്നത്. അവർക്ക് വാഹനപ്പടിയായി ൧൫൦ രൂപാ അനുവദിച്ചിട്ടുണ്ട്. ഇതു കൊടുക്കേണ്ടതാണെന്നു സമ്മതിക്കാം. അതിനും പുറമെ യാത്രപ്പടിയായി ൯൦൦ രൂപാ കൂടി അനുവദിച്ചിരിക്കുന്നു. ടൌണിലേക്കാണ് മുന്നു ഇൻസ്പെക്ടറന്മാരെ നിയമിച്ചിട്ടുള്ളത്. അതു കൊണ്ടു വാഹനപ്പടിക്കു പുറമെ സഞ്ചാരപടിക്കൂടി കൊടുക്കേണ്ട ആവശ്യം ഇല്ല. ഇതിനും പുറമെ സർക്കീട്ടു പോകുന്ന അവസരങ്ങളിൽ സിൽബന്ധികളെക്കൂടി കൊണ്ടുപോകുന്നതിനു ൨൦൦ രൂപാ അനുവദിക്കുന്നത് ഒരിക്കലും ന്യായമായിരിക്കുമെന്നു തോന്നുന്നില്ല. അതുകൊണ്ട് അത് അനുവദിക്കാൻ പാടില്ല.

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[Mr. G. Parameswaran Pillai.]

MR. S. C. H. ROBINSON (*Land Revenue and Income Tax Commissioner*): I will explain. There are three Income Tax Inspectors. They are given a monthly conveyance allowance of Rs. 30 each which amounts to Rs. 1,080. But the sum of Rs. 900 under travelling allowance is for the Income Tax Auditor who has to travel about from one part of the State to the other. Income Tax Inspectors have also to go beyond their jurisdiction and then they are entitled to ordinary travelling allowance. The sum of Rs. 200 is for the establishment who might accompany the Income Tax Auditor for taking records, books, etc. I think I have made the point clear.

MR. J. JOHN NIDIRY (*Changanachery* cum *Minachil*): May I know from Mr. Robinson the number of days in a month the Inspectors will be out in camp and the number of days they will be in the town?

MR. S. C. H ROBINSON (*Land Revenue and Income Tax Commissioner*): Their work is all in the town. But they may be sent out of town: *e. g.*, the Trivandrum Inspector may be asked to go to Agastiswaram on special duty. The allowance is intended to meet such cases.

MR T. KUMARA PILLAI (*Eraniel* cum *Vilavankod*): In the light of that explanation, I withdraw the motion.

The motion was by leave withdrawn.

Motion 41.

MR. G. PARAMESVARAN PILLAI (*Neyyattinkara*): Sir, I beg to move the following:

41. To reduce the allotment of Rs. 16,700 for taxes on income by Rs. 100.

Sir, I hope it will be recognised that it is at the instance mostly of the representatives of the people that this new tax was imposed; and it will also be recognised that when the Income Tax Bill was introduced in the Legislative Council the principle was unanimously accepted by the non-official representatives. But it was then little thought that the Income Tax Regulation would be so arbitrarily exercised by the officers responsible for its working. I may say at the outset that, when accounts kept in the regular course of business are brought before the Collectors or the Commissioner, they are disposed of on the very simple ground that they are not worthy of being relied on. The accounts are said to be unreliable, not worthy of credit, and in most cases I think they proceed arbitrarily. They base their assessment arbitrarily on what they call their confidential enquiry. I will be failing in my duty if I do not at this stage bear testimony to the fact that, in respect of cases which have been taken before the Income Tax Commissioner, Mr. Robinson, no complaint of arbitrary action can be made. (*Hear, hear.*) As a matter of fact I may also say that of all the officers who are working that regulation the only officer who may perhaps have read and

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understood the rules and regulations is Mr. Robinson. All the Dewan Peishkars and Tahsildars who exercise the powers of the Collector and the Commissioner respectively seem to be perfectly ignorant of the laws; at least the results lead us to hold that view. Complaints after complaints have been made to me and to my friends on this side of the House that they proceed very arbitrarily in fixing the assessment. It is to draw the attention of the Government and this House to this aspect of the matter that I make this motion for reduction.

Mr. T. K. VELU PILLAI (*Trivandrum cum Nedumangad*): I am very glad to support Mr. Paramesvaran Pillai's motion. The Income Tax Regulation has been the means of securing a decent and equitable revenue for the Government. I think that it was I myself who first advocated this tax in the Popular Assembly and at one time I thought that I may feel some kind of satisfaction for that although it came after a very long time. But, Sir, to-day I remember the fact with considerable grief because the non-officials in the Assembly and the Council have had a share in enacting a measure of this description, the working of which has become very drastic indeed. Complaints are many that the income tax officers, and especially officers of the subordinate ranks, have not cared to understand the regulation and do not care to work the regulation equitably so that it may not affect the prosperity of the country and the wealth of its inhabitants. I have appeared in my professional capacity before the Land Revenue Commissioner and I am particularly happy to find that Mr. Robinson brought a judicial mind to bear on the disposal of such cases. I have observed, however,on several occasions the Income Tax Commissioner labouring under a serious disadvantage, when qualified competent vakils who are very familiar with the facts of the case appear before him on behalf of assessees. The Income Tax Commissioner does not get a presentation of the point of view of Government from anybody, so that he has to be a judge and a party at the same time. As far as I know, the decisions are not very much prejudiced; but I think that some means could and should be found by which the rights of the Government might be properly represented before the Income Tax Commissioner when he deals with important questions. Sir, the working of the Income Tax Regulation is giving very great offence to the people besides inflicting great loss upon them. Some time ago when we were engaged on a Select Committee, a number of Punjar people, very respectable men, came up there and told my friend Mr. Narayana Pillai about the rigorous action of the income tax authorities. The Tahsildars are calculating the income in such a manner as if the regulation is allowed to work in their own way. They proceed arbitrarily to refuse to accept account books for the reason that there is a blot of ink on a page or there is a difference of two cash in the totals. I have found that the Tahsildars believe their subordinates implicitly and give what decision they think fit. It is this aspect especially which is worthy of the consideration of this Council. Unless the Income Tax Regulation is properly worked, the people will continue to suffer and what has been considered to be an equitable tax will come to be regarded as a very rigorous impost.

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[Mr. P. K. Narayana Pillai.]

MR. J. JOHN NIDIRY (*Changanachery* cum *Minachil*): I also beg to submit a word or two in connection with the IncomeTax Regulation and the realisation of tax under it. As has been pointed out by my friends on this side of the House, there are loud complaints as to the method of its working, so far as the Tahsildars are concerned. I am very glad to observe that, so far as the district officer at Kottayam is concerned, there is a healthy improvement, most probably owing to the wholesome check exercised by the present Commissioner, Mr. Robinson. Yet there is still much scope for further improvement with regard to the Tahsildars in the way in which they detain merchants' accounts and so forth. I think Mr. Robinson will improve the matter still further and see to the satisfactory working of the regulation so that the people may not be unnecessarily molested. With these observations, I support the resolution.

MR. P. K. NARAYANA PILLAI (*Ambalapuzha*): In view of the pointed reference made by my friend Mr. Velu Pillai, I think a word is due from me with respect to the operation of the Income Tax Regulation. I am glad to hear the compliment that has been paid to the Land Revenue Commissioner. It remains to be seen whether I am myself prepared to endorse the statement and join in the chorus of compliment. For a test case, I have presented before him a case with regard to the Punjar people who, according to my view and my reading of the law on the subject, are not liable to be taxed.

MR. S. C. H. ROBINSON (*Land Revenue and Income Tax Commissioner*): I do not think it can be discussed here, because it is *sub-judice*.

PRESIDENT: Mr. Robinson points out that it is not proper to discuss that particular matter in the House now.

MR. S. C. H. ROBINSON (*Land Revenue and Income Tax Commissioner*): I have not disposed of the case. It is under my consideration.

MR. P. K. NARAYANA PILLAI (*Ambalapuzha*): I am not going to speak anything with regard to that question. I referred to that case simply as an illustration. I would even suspend my decision as to whether Mr. Robinson deserves praise or otherwise till I hear the result of that case. (*Laughter.*)

PRESIDENT: I do not think you could refer to a particular case and discuss it.

MR. P. K. NARAYANA PILLAI (*Ambalapuzha*): I am not going to discuss—

MR. S. C. H. ROBINSON (*Land Revenue and Income Tax Commissioner*): He cannot make any reference to or express any opinion with respect to the merits of that case.

MR. P. K. NARAYANA PILLAI (*Ambalapuzha*): I only said I am going to suspend my opinion about Mr. Robinson. Of course it is very necessary that when dealing with the operation of the Income Tax

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Regulation I should refer to particular cases. It involves the construction of the regulation and its application.

PRESIDENT: You can only refer to general principles and not argue any particular case.

MR. P. K. NARAYANA PILLAI (*Ambalapuzha*): You do not allow me to refer to the general question since I referred to Punjar. In regard to Mr. Robinson's fairness—

MR. S. C. H. ROBINSON (*Land Revenue and Income Tax Commissioner*): How many times has the member appeared before me?

PRESIDENT: That does not arise.

MR. T. K. VELU PILLAI (*Trivandrum*): I referred to the judicial temperament of Mr. Robinson and did not say anything with regard to particular cases. (*Laughter.*)

MR. P. K. NARAYANA PILLAI (*Ambalapuzha*): One fundamental difference that subsists between the Income Tax Regulation here and that in British India is in regard to agricultural income. Under the up-to-date British Indian regulation, lands exempted from assessment only are assessable to income tax. But in Travancore we appear to have borrowed the old Income Tax Regulation of British India, and have made an exemption in favour of all manner of agricultural incomes irrespective of whether the land from which the income is obtained is assessed to land revenue or not.

MR. V. SUBBA AIYAR (*Additional Head Sirkar Vakil*): Mr. Narayana Pillai is again raising the Punjar question. The matter is one of interpreting the regulation.

MR. S. C. H. ROBINSON (*Land Revenue and Income Tax Commissione*): Was Mr. P. K. Narayana Pillai on the Council when the Income Tax Regulation was passed?

PRESIDENT: It does not prevent him from offering remarks now.

MR. P. K. NARAYANA PILLAI (*Ambalapuzha*): Unfortunately I was not a member.

It may be that the Government may be justified in collecting income tax from such lands as are now exempt, but the regulation has necessarily to be amended. As it exists, complaints arise not only from Punjar ryots but also all manner of kindred holders who are exempt in respect of their holdings. That aspect of the question I would press upon the Income Tax Commissioner in the matter of interpreting it. If, as my friend Mr. Subba Aiyar seems to think, the law is defective, amend the law before you proceed to tax. The question is whether the interpretation is correct or not.

PRESIDENT: I doubt whether that is a point which should be argued here. If the amendment of the regulation is desirable and if it is held that the present regulation causes hardship to the people, that

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[Mr. S. C. H. Robinson.]

may be urged and we might do what is deemed fit. But what interpretation should be put upon provision of the law can hardly be discussed here.

RAO BAHADUR K. A. KRISHNA AIYANGAR (*Nominated*) (*Deputy President*): May I ask him whether under the existing law it is not open to a party to ask the Commissioner to make a reference to the High Court in cases where there is difference of opinion as to the interpretation of a provision of the law? Then a satisfactory solution can be obtained.

MR. T. K. VELU PILLAI (*Trivandrum cum Nedumangad*): Sir, I think Mr. Krishna Aiyangar is not in order; he can only ask a question.

RAO BAHADUR K. A. KRISHNA AIYANGAR (*Nominated*) (*Deputy President*): I ask whether it is not open to move the High Court and get an authoritative ruling in regard to the interpretation of the provisions of the regulation.

MR. P. K. NARAYANA PILLAI (*Ambalapuzha*): Unfortunately there is no provision in the Income Tax Regulation for the aggrieved parties to move the High Court. They can only ask the Income Tax Commissioner to do so and it is entirely left to his sweet will and pleasure whether he makes a reference to the High Court or not. I see the British act has been so revised as to enable the party aggrieved to move the High Court himself. That change is also necessary. With respect to the question of interpretation, I may point out that in view of the existence of an ambiguous provision of law and in view of the fact that this is a fiscal law, the interpretation should be in favour of the subject. I wish to impress that aspect of the matter also upon the consideration of this House. The point raised by Mr. Krishna Aiyangar is another matter which has to be taken into consideration in the matter of the working of the regulation. I would urge Mr. Subba Aiyar to amend the regulation in the light of the amendment which this particular measure has received in British India. With these few words, I support the motion.

MR. S. KRISHNA AIYAR (*Mavelikara cum Kartikapalli*): Sir, I wish to draw the attention of this House to one side of the administration of the Income Tax Regulation. I believe it is section 42 that declares that all communications made to the income tax officers are to be regarded as strictly confidential. Though the provision in the British Indian act goes to the length of saying that, notwithstanding anything that may be said in the Evidence Act, all these ought to be regarded as not only strictly confidential but also be inadmissible in evidence nevertheless there are instances in which the Tahsildar is granting copies of these confidential communications.

MR. S. C. H. ROBINSON (*Land Revenue and Income Tax Commissioner*): If Mr. Krishna Aiyar will bring to my notice any such instances, I shall take the necessary action.

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Mr. S. KRISHNA AIYAR (*Mavelikara* cum *Kartikapalli*): I shall bring the instances privately to his notice.

Mr. M. R. MADHAVA VARIAR (*Chengannur* cum *Pattanamtitta*): I have sent up an identical motion and the object of that motion is to point out certain defects in the working of the Income Tax Regulation. One of the defects pointed out by Mr. G. Paramesvaran Pillai is that the account books of merchants are not properly checked by the Income Tax Collectors. Sometimes the books are not demanded and they fix the assessment without seeing the books and knowing the income of the particular individual. I know one instance where the account book which was relied upon by a court of justice was rejected as false by the Income Tax Commissioner and the individual assessed to a larger sum.

Another difficulty which I have to point out is that these Inspectors who are appointed in two or three towns have not got sufficient work. So, in their zeal for increasing the revenue of Government, they are trying to fish out various persons and to show inflation of income. As an instance of that I know that a tailor was assessed with income tax. And when there was an appeal against that decision it was found that he was not worth enough to be charged with professional tax to the municipality. Such persons are put to great difficulty because in order to appeal against the decision they will have to spend money and will not get anything by way of damages from Government for their being put to trouble. As Mr P. K Narayana Pillai points out there are very great difficulties in interpreting the Income tax Regulation and the Collectors interpret them as they like. And very many persons who are not in a position to appeal to the Income Tax Commissioner will have to pay income tax. If there is a provision that in cases in regard to the interpretation of the regulation the aggrieved party may refer the matter to the civil court, this difficulty can be avoided.

Mr. JOHN MACKIE (*Planters*): I agree with the previous speakers in regard to the manner in which Mr. Robinson does his income tax work. Also his willingness to meet us and to listen to our views. I am sorry however. I cannot compliment the staff under him. Their ignorance of the rules is colossal and gives people a lot of trouble. I think at this time last year I referred to the question of Income Tax Inspectors and pointed out that men with some knowledge of accounts and some education should be appointed to these posts. I am afraid, however, nothing has been done, and I hope that the Government will now listen to the suggestions of the non-official members and would appoint men with a certain amount of knowledge in these matters. I wish also to ask the Government if they will bring the Regulation into line with the acts in British India and in England. I would also like to ask if the Government will be prepared to allow assessees if, necessary to appeal to the High Court. At present, Mr. Robinson is the last appellate authority and I think it is only reasonable that, if we are

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[Mr. K. P. Raman Pillai.]

not satisfied with Mr. Robinson's decision, we should have the power to appeal to the High Court.

MR. S. C. H. ROBINSON (*Land Revenue and Income Tax Commissioner*): Is the High Court infallible?

MR. JOHN MACKIE (*Planters*): We can argue our case in the High Court.

MR. S. C. H. ROBINSON (*Land Revenue and Income Tax Commissioner*): You can argue before me as well.

MR. JOHN MACKIE (*Planters*): You are an interested party. The other day your subordinate said that he was in the service of the Travancore Government and was out to get as much revenue as possible.

MR. S. C. H. ROBINSON: Have I said that?

MR. JOHN MACKIE (*Planters*): No; the men working under you have; and I would ask the Government again if they would bring the regulation into line with that of British India and the Act in England.

MR. A. HOOGEWERF (*Nominated*): I was going to lay the flattering unction to my soul when I heard the fine compliments paid by Messrs. T. K. Velu Pillai and G. Parameswaran Pillai to Mr. Robinson. But Mr. Mackie's impeachment of the Income Tax Department has burst the bubble. Mr. Mackie is the head of a very big firm and his pay, I believe, is as much as, if not more than, that of the Dewan of Travancore. (*Laughter.*) If such hard and unquestionable treatment as would appear to have been shown could be meted out to a firm where nearly all the higher officers are Europeans, what will be the treatment to other people and Indian firms? If this can be done to a green tree, how much more would it be to a dry tree? These are just a few observations I have to make in connection with the Income Tax Collector.

MR. K. P. RAMAN PILLAI (*Quilon*): I would point out another aspect in which the regulation is working hardship. It taxes alike all the people having the same income without making any allowance for taxable limit; persons having a large family or no family at all; a bachelor that is to say, and a father having more than one child are taxed alike. I am sure there are countries where income tax is being assessed quite differently from what it is here and where they make an allowance to those who possess a large family.

MR. S. C. H. ROBINSON (*Land Revenue and Income Tax Commissioner*): Does he propose that a man possessing two wives should be taxed less than a man having one wife?

MR. K. P. RAMAN PILLAI (*Quilon*): Certainly. The principle underlying the assessment is the same. The expenditure of the man ought to be taken into consideration in taxing him. There is no justification for a bachelor having the same income being taxed as a father having half a dozen children or a husband having more than one wife.

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MR. S. C. H. ROBINSON (*Land Revenue and Income Tax Commissioner*): Income tax is a tax on luxuries. Is it not a luxury to have more than one wife?

MR. K. P. RAMAN PILLAI (*Quilon*): Whatever that be, Sir, I may tell Mr. Robinson that even in England that principle is accepted.

Then another aspect of the matter is that the data on which the assessment is being made are not fixed; that is to say, the accounts produced by the firms and business men are being discredited; and so there remain no data for the Collector to assess incomes. I have seen a statement made by a Collector to the effect that a man's income is roughly so much. I wonder how he comes to such a broad guess without any data before him.

MR. T. K. VELU PILLAI (*Trivandrum* cum *Nedumangad*): I wish Mr. Raman Pillai will tell the House whether according to the present law the amount spent by a man for his food and clothing is exempt from taxation.

MR. K. P. RAMAN PILLAI (*Quilon*): I do not think it necessary to take the time of the Council in answering that question.

MR. T. K. VELU PILLAI (*Trivandrum* cum *Nedumangad*): I should like to have an answer from Mr K. P. Raman Pillai if he can give it.

MR. K. P. RAMAN PILLAI (*Quilon*): I wish to be excused. (*Laughter.*)

There is another thing. The appeals from the Collectors are heard by the Division Assistants as they are at present constituted. There is verylittle difference in mentality between the Tahsildar who happens to be the Collector and these officers. If that practice can be improved I think there will be a distinct advantage. I also agree with the previous speakers in thinking that some provision may be made to render it possible at the instance of the aggrieved party to make a reference to civil courts in some cases.

MR. S. C. H. ROBINSON (*Land Revenue and Income Tax Commissione*): I am in full sympathy with the gentlemen who spoke about the hardships and sufferings caused to the people by the working of the Income Tax Regulation. But I have to point out that this is a new regulation and it will take some little time for all the officers to get into the way of working the rules and learning all about them. Even some of the leading members of the bar who appeared before me said that this was a new regulation and they were only studying it—we all have to study it. Most of the Dewan Peishkars and the Tahsildars who work the rules have been magistrates for many years. It is only human to commit mistakes. Just as in criminal and other cases they commit mistakes, so in the working of the Income Tax Regulation also they may commit mistakes. As the officers get into the way of working it, no doubt, the complaints will also become less and less. It is under contemplation to revise our regulation and bring it into conformity with the new Act of 1922 in British India.

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[Mr. G. Parameswaran Pillai.]

MR. JOHN MACKIE (*Planters*): What about the appointment of auditors and inspectors?

MR. S. C. H. ROBINSON (*Land Revenue and Income Tax Commissioner*): All these points will have to be considered by the framers of the law. The other point referred to by Mr. T. K. Velu Pillai about the Sirkar being represented will also receive due consideration. In improving the regulation we can not act hastily. Every aspect of the case will be taken into consideration. I may point out that section 50 provides for a reference being made to the High Court. I am sorry to hear of complaints about the accounts being not properly examined and people being arbitrarily assessed. I hope such instances will become less and less year after year. Mr. Mackie complains that the Income Tax Inspectors are not sufficiently competent men to inspect accounts. Now the Income Tax Inspectors are *not* authorised to inspect accounts. That is not their duty. We have a highly paid officer *i. e.*, the auditor, for that work. He is a Bachelor of Commerce. He has the right to examine the accounts of the firms whenever the Tahsildar or the Dewan Peishkar wants him; and the Inspectors, as I said, are not supposed to do the work of inspecting accounts. Their duty is to gather information regarding incomes.

MR. G. PARAMESVARAN PILLAI (*Neyyattinkara*): May I know whether in the offices of the Dewan Peishkars and the Division Assistants who exercise powers under the regulation, there are clerks or auditors who are qualified for auditing accounts or to go through the accounts carefully?

MR. S. C. H. ROBINSON (*Land Revenue and Income Tax Commissioner*): They have no Income Tax Auditors—I think that question was answered in reply to an interpellation. The actual work of assessment is done by the Collector or should be done by the Collector himself. I think I have answered all the points raised in the course of the discussion.

MR. G. PARAMESVARAN PILLAI (*Neyyattinkara*): I have got only one word by way of reply. The Law Member promised last year this time that the Income Tax Regulation would be brought up to date on the lines of the British Indian act. I have not heard from him at what stage, if any, the new Income Tax Bill is, whether he has drafted it or whether he has begun to revise it on the lines of the British Indian act. If he has not done so, I would only request him to expedite the matter. In amending the regulation, two points will have to be particularly noted, as suggested by Mr. Raman Pillai and Mr. P. K. Narayana Pillai. Mr. P. K. Narayana Pillai suggested that a reference to the High Court should be made obligatory, and not discretionary with the Income Tax Commissioner. As for that matter, when the present regulation was passed at the last Council, I moved an amendment to that effect before

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the British Indian act was amended in regard to that particular provision. But the Government opposed it and it was lost. There was also another suggestion made at that time, *viz.*, that the tax should be levied not on the amount above the taxable minimum according to the present regulation, but only upon the *excess* over the taxable minimum. If the tax is to be levied on incomes above Rs. 2,000, Rs. 2,000 being the minimum, that minimum of Rs. 2,000 should be allowed exemption from tax, even in the case of persons having an income more than Rs. 2,000. This taxable minimum should apply in the case of all persons and the tax should be levied only on the excess over Rs. 2,000, the rates being correspondingly higher. That is the system that is obtaining in the United Kingdom. That suggestion was also made then.

MR. S. C. H. ROBINSON (*Land Revenue and Income Tax Commissioner*): May I know whether, in order to meet the deficit in the revenue which would accrue from such a procedure, Mr. Parameswaran Pillai would suggest a higher rate of tax being levied?

MR. G. PARAMESVARAN PILLAI (*Neyyattinkara*): Higher rate upon the excess. The rate of assessment should be increased with respect to persons getting larger and larger incomes, and that is exactly what is done in the United Kingdom. If that be done, Mr. Raman Pillai's difficulty may also be cleared. I would therefore request the Law Member to bear these two points particularly in mind when revising the regulation. I would also add that, as a large number of cases is being disposed of in the Division Assistants' offices and the Division Peishkars' offices, it is very essential that somebody who is able to look through the accounts and who is qualified enough to understand accounts should be put in there instead of the Dewan Peishkar being asked to avail himself of the services of his bench clerk and copyists for doing the duty. They are quite unable to adequately discharge this function. It is absolutely essential that for the safety of the people there should be qualified hands in the offices of the Dewan Peishkars and the Division Assistants for this purpose.

MR. S. C. H. ROBINSON (*Land Revenue and Income Tax Commissioner*): In regard to having capable officers in each of the Collectors' offices to go through the accounts, we would have to employ Income Tax Auditors in each of these offices. That means we shall have to find more funds.

MR. G. PARAMESVARAN PILLAI (*Neyyattinkara*): As a matter of personal explanation, I may point out that there are now certain clerks doing purely income tax work in the Division Assistants' offices. If we replace them with persons who have passed examinations in book-keeping, accounts and commercial correspondence, they may be sufficiently qualified to understand a balance sheet. Such persons would not demand very high pay.

MR. S. C. H. ROBINSON (*Land Revenue and Income Tax Commissioner*): I doubt whether it would be possible to appoint an auditor in each of these offices. It would mean that we shall have to put in

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[Mr. K. P. Raman Pillai.]

extra men. It is only a question of additional funds and I do not know whether this Council will sanction extra funds for the purpose. It is no doubt a very good proposition but we have to cut our coat according to our cloth.

MR. T. K. VELU PILLAI (*Trivandrum* cum *Nedumangad*): I wish to know whether the Commissioner could not have this work done by the Income Tax Inspectors provided competent men are appointed.

MR. S. C. H. ROBINSON (*Land Revenue and Income Tax Commissioner*): That is not their duty. Their duty is to gather information in respect of a man's income.

MR. T. K. VELU PILLAI (*Trivandrum* cum *Nedumangad*): My point is whether, in case qualified men are appointed to the post of Income Tax Inspectors, they cannot also do the work of auditing in the office of the Collectors.

MR. S. C. H. ROBINSON (*Land Revenue and Income Tax Commissioner*): You will have to appoint men on higher pay. I do not think that the present Inspectors possess the requisite knowledge. Two of them are graduates.

PRESIDENT: The Inspectors may not have time.

MR. S. C. H. ROBINSON (*Land Revenue and Income Tax Commissioner*): That is also a question to be considered. It certainly means more money.

MR. G. PARAMESVARAN PILLAI (*Neyyattinkara*): I withdraw the motion.

Motion 42.

The following motion was not made:

MR. M. R. MADHAVA VARIAR:

42. To reduce the allotment of Rs. 16,700 for Taxes on Income by Rs. 100.

PRESIDENT: The question is that a sum not exceeding Rs. 17 lakh be granted for Demand II, Taxes on Income.

The grant was made.

DEMAND III—EXCISE.

MR. A. J. VAN ROSS (*Excise Commissioner*): I beg to move for a grant not exceeding Rs. 5·17 lakhs under Demand III—Excise Department.

Motion 43.

MR. K. P. RAMAN PILLAI (*Quilon*): Sir, I beg to make the following motion:—

43. To reduce the allotment of Rs. 6,955 for inspection under III A—salt factories.

There was a good deal of discussion during the last budget debate about the extraordinary expenditure under establishment charges in the

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